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January 2, 2013

TO: Each Supervisor

FROM: Jonathan E. Fielding, M.D., M.P.H.
Director and Health Officer

SUBJECT: **NOTIFICATION OF THE USE OF DELEGATED AUTHORITY TO EXECUTE AN AGREEMENT WITH THE CENTER FOR NEW IMAGE, INC. AT A REDUCED MAXIMUM OBLIGATION AMOUNT FOR THE PROVISION OF DRUG/MEDI-CAL SERVICES**

This is to notify you that I am exercising the delegated authority approved by your Board on June 7, 2011, to increase or decrease the contractual maximum obligations of Drug Medi-Cal (DMC) agreements, subject to review and approval by County Counsel, and notification to your Board and the Chief Executive Office.

Pursuant to both State legislation and the Federal ruling of Sobky v. Smoley, counties are required to enter into agreements with all State-certified DMC service providers who request service contracts and who demonstrate the ability to comply with all local requirements. Moreover, when these agencies request additional funds necessary to provide services to persons eligible for DMC program services, counties are required to amend the DMC agreements to reflect the additional services and funding. Under federal ruling, counties have no basis to deny reimbursement for services if the contractor is in full compliance with contractual requirements.

On June 7, 2011, your Board approved new DMC agreements with agencies referred to the County of Los Angeles by the State Department of Alcohol and Drug Programs, effective July 1, 2011 through June 30, 2014, at specified amounts, contingent upon the agency's submission and approval by the Department of Public Health (DPH) of all required documents, including a performance security bond. Since that time, several of the agencies, including The Center for New Image, Inc., have been unable to post the performance security bond that was contractually required given the originally approved funding level. Therefore, DPH has negotiated a reduced contractual maximum obligation with The Center for New Image, Inc. which now enables the agency to meet the performance security bond requirement.

Under the delegated authority referenced above, I will therefore execute an agreement with The Center for New Image, Inc. at the reduced contractual maximum obligation identified in Attachment A.

County Counsel has reviewed and approved the agreement as to form and this delegated authority action.

If you have any questions or need additional information, please let me know.

JEF:nb
#02528

Attachment

c: Chief Executive Officer
County Counsel
Executive Officer, Board of Supervisors

COUNTY OF LOS ANGELES-DEPARTMENT OF PUBLIC HEALTH
SUBSTANCE ABUSE PREVENTION AND CONTROL
Drug/Medi-Cal Agreement

ATTACHMENT A

Agency	SUP	*Modality	BOARD APPROVED			REVISED ACTUAL			Funding Adjustment
			2011-12 Funding	2012-13 Funding	2013-14 Funding	2011-12 Funding	2012-13 Funding	2013-14 Funding	
THE CENTER FOR NEW IMAGE, INC.	2	ODF	\$50,000	\$50,000	\$50,000	\$0	\$30,000	\$30,000	(\$90,000)
	2	DCH	\$50,000	\$50,000	\$50,000	\$0	\$20,000	\$20,000	(\$110,000)
			<u>\$100,000</u>	<u>\$100,000</u>	<u>\$100,000</u>	<u>\$0</u>	<u>\$50,000</u>	<u>\$50,000</u>	<u>(\$200,000)</u>

* Modality:
ODF = Outpatient Drug Free Services
DCH = Day Care Habilitative Services